

**LOCAL GOVERNMENT
IMPLEMENTATION AND ACCOUNTING GUIDE
FOR
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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OVERVIEW

This Guide is designed to facilitate the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The Chief Inspector, by the authority granted under West Virginia Code Chapter Six, Article Nine, shall formulate a system of accounting for all local offices. Local governments are required to follow generally accepted accounting principles (GAAP).

Bolded and italicized terms are defined in the Glossary.

BACKGROUND AND SUMMARY

GASB issued Statement No. 43, *Financial Reporting for Post-employment Plans Other Than Pension Plans*, in April of 2004 and followed with GASB Statement No. 45 in June of 2004. Some important points:

1. GASB Statement No. 43 establishes standards associated with the financial reporting for **plans** (typically irrevocable trusts) in which assets are held for administration of the post-employment benefit plan.
2. GASB Statement No. 45 establishes standards associated with the financial reporting for **employers** which participate in an ***Other Post-employment Benefit*** (OPEB) plan.
3. GASB Statements No. 43 and 45 mirror Statements No. 25 and 27 which were previously issued statements related to defined benefit pension plans.
4. Post-employment benefits typically include healthcare benefits such as medical, dental, vision and other health related benefits when provided separately from a defined benefit pension plan.
5. Governments, prior to implementation of GASB Statement No. 45, reported Other Post-employment Benefits (OPEB) on a pay as you go basis. In other words, costs and liabilities associated with post-employment benefits were recognized when paid (i.e. after the employee retired). GASB Statement No. 45, through a series of actuarial assumptions and calculations, requires these costs be recognized in the period in which the employee's service is rendered.
6. The Financial Accounting Standards Board (FASB), which promulgates private sector accounting guidance, issued a FASB Statement No. 106 in 1990 which required other post-employment costs and liabilities to be recognized as the service is rendered.
7. Like defined benefit pension plans, the liability associated with OPEB should be actuarially determined. This liability is commonly referred to as the ***Unfunded Actuarially Accrued Liability*** (UAAL).
8. GASB Statements No. 43 and 45 do not require the governments to fund the liability although there may be financial or legal incentives to do so. (See the section practical implications for further discussion.)
9. The total UAAL for all State and local governments in the United States has been estimated to be \$1.5 **trillion**.

WEST VIRGINIA OPEB

The State of West Virginia passed HB 4654 in 2006. Some important points associated with that bill and the OPEB liability are as follows:

1. It creates a separate article in West Virginia Code in Chapter 5, Article 16D.
2. It creates a "West Virginia Health Benefit Trust Fund" that meets the criteria under GASB Statement No. 45 as a *cost sharing multiple employer trust*.
3. It establishes a board which is responsible for the maintenance of the fund.
4. It requires the plan administrator to allocate the "*annual required contribution*" (ARC) to all participating employers of the system.
5. It also establishes a "*minimum annual employer payment*" which is the amount that employers must pay. This is primarily the "pay as you go" retiree subsidy which was previously billed on all active policies.
6. WV Code §5-16D-6 requires any amount of the annual required contribution which is not satisfied by the employer to remain a liability of that employer.
7. GASB interpretations designate that the entire unpaid ARC be a *contractually required contribution* and therefore a "current obligation". Based on that guidance, the entire liability must be reflected at the fund level.
8. PEIA, as plan administrator, began billing for OPEB the fiscal year beginning July 1, 2007.
9. The State of West Virginia, as the largest Phase 1 employer and in accordance with GASB Statement No. 45, has implemented the provisions of the Statement for the fiscal year ending June 30, 2008.
10. According to the State of West Virginia's latest actuarial valuation, the total unfunded actuarial accrued liability is approximately \$3,079,933 for the 71,931 active policies in the State (62,444 State; 9,487 local).
11. By virtue of participation in various *Consolidated Public Retirement Board Systems (CPRB)* and/or PEIA, employees are entitled to opt for post-employment healthcare benefits through PEIA. WV Code §5-16-2(8) more narrowly defines *retired employees* that are eligible for PEIA health and life benefits.
12. PEIA makes a distinction between *participating employers* and *non-participating employers*. Therefore, there is a separate section for accounting and implementation guidance for each in this manual. Participating employers may utilize the information supplied in the State actuarial report to calculate cost and disclosure information. Non-participating employers may be required to have their own actuarial reports prepared in accordance with GASB Statement No. 43. There are also Non-State/Non-CPRB employers which have elected, under the provisions of WV Code §5-16-22, to participate in PEIA that may be required to have their own actuarial report prepared.
13. While participating employers may charge their active employees whatever premium rate they deem appropriate under the provisions of WV Code §5-16-18(d), participating and non-participating employers must pay the same contribution toward their retiree health insurance premiums as promulgated by WV Code §5-16-22. However, there are different rules related to employer contributions for employees which retire after June 30, 1996 AND did not participate in the plan as an active employee for at least 5 years.

PARTICIPATING EMPLOYERS

As defined in the glossary, participating employers are governments which utilize PEIA as the primary health insurance carrier for active employees. If the local employer also maintains an eligible retirement plan, then an OPEB obligation is present and must be reflected in order to accurately reflect financial information in accordance with generally accepted accounting principles.

Implementation

The Chief Inspector Division, under the power vested by WV Code, Chapter 6, Article 9, is strongly encouraging all participating local governments subject to GASB Statement No. 45 to implement the provisions for the fiscal year ended June 30, 2008. **All participating local governments subject to the authority of the Chief Inspector will be required to implement the provisions of this Statement no later than the fiscal year ending June 30, 2009.** There has been much confusion regarding the proper accounting treatment due to the manner in which the law (WV Code §5-16D) is written. Upon the recent determination that the entire ARC is required to be reflected in the fund financial statements, CID felt compelled to require early implementation. The unpaid contractually required contribution liability will accrue from the date of the first billing by PEIA (July 1, 2007). Therefore, governments need to be aware of the negative impact this will have on their financial statements and act accordingly. If a government decides to delay implementation until June 30, 2009, the liability will be much more substantial. Therefore, if implementation is delayed, a form must be submitted to our office which outlines the OPEB liability at June 30, 2008 (See Appendix H).

Actuarial Valuation

As a participating employer, you will not be required to have your own actuarial valuation and will have limited note disclosure requirements. Your "OPEB cost" has been determined for you and that amount is \$461.06 and \$388.21 per active employee per month for the fiscal years ending June 30, 2008 and 2009 respectively (See Appendix A).

Cost Calculation

PEIA has previously provided guidance that was reviewed by CID for the cost calculation. That information is reproduced in Appendix B. The example assumes some billings being reclassified since a portion of the "OPEB cost" was billed with the regular premiums. Regardless of whether your government implements this Statement or not, you are required to record the activity related to the pay as you go retiree subsidy (\$195.99) and the PEIA over reserve transfer (\$120.59). Your total OPEB cost would be \$316.58 per policy per month even if you are authorized not to early implement for the fiscal year ending June 30, 2008 (see Sample Journal Entries, Appendix C). The total OPEB cost for governments which implement GASB Statement No. 45 at 6/30/08 will be \$461.06 per policy per month (see Sample Journal Entries, Appendix C).

Sample Journal Entries

Sample journal entries utilizing the standard "Chart of Accounts" are contained in Appendix C. Adjustments A, B, and C would be made by ALL participating governments. Adjustment D would be made by governments implementing for the fiscal year ending June 30, 2008.

Note Disclosure

The note disclosure for participating governments is contained in Appendix D.

PARTICIPATING EMPLOYERS (CONTINUED)

Budgetary Comparison Statements

Current law and accounting standards require the OPEB obligation to be reflected as a current matured liability. In most cases, this obligation will NOT be liquidated with available financial resources. Therefore we are recommending entities to remove the portion of the liability designated the “remaining ARC employers may pay or accrue” (\$144.48 per policy per month) from their budgetary comparison statements. This will eliminate the effect of this accrual on the budget. The “pay as you go portion” (\$195.99) should remain a liability if your entity failed to remit it as this was previously billed on active policies prior to GASB Statement No. 45 implementation. An example of this adjusted budgetary presentation and related note disclosure is contained in Appendix E.

NON-PARTICIPATING EMPLOYERS

As defined in the glossary, non-participating employers are governments which DO NOT utilize PEIA as the primary health insurance carrier for active employees. However, the local employer does maintain an eligible retirement plan. Therefore, employees are eligible to participate in the PEIA post-employment healthcare plan. An OPEB obligation is present and must be reflected in order to accurately reflect financial information in accordance with generally accepted accounting principles.

Implementation

Non-participating employers will be required to implement in accordance with the following schedule:

The requirements of this Statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999:

- Governments that were Phase 1 governments for the purpose of implementation of GASB Statement No. 34 —those with annual revenues of \$100 million or more—are required to implement this Statement in financial statements for periods beginning after December 15, 2006 (Fiscal Year Ending June 30, 2008).
- Governments that were Phase 2 governments for the purpose of implementation of GASB Statement No. 34 —those with total annual revenues of \$10 million or more but less than \$100 million—are required to implement this Statement in financial statements for periods beginning after December 15, 2007 (Fiscal Year Ending June 30, 2009).
- Governments that were Phase 3 governments for the purpose of implementation of GASB Statement No. 34 —those with total annual revenues of less than \$10 million—are required to implement this Statement in financial statements for periods beginning after December 15, 2008 (Fiscal Year Ending June 30, 2010).

However, earlier implementation is encouraged.

Actuarial Valuation

As a non-participating employer, you **cannot** utilize the State's actuarial valuation for other post-employment benefits. Therefore, your government may be required to have an actuarial valuation prepared in accordance with GASB Statement No. 43. However, employers with less than 100 employees may utilize the "alternative measurement method" as promulgated by paragraphs 33 through 35 of GASB Statement No. 45. Essentially, if you, as an employer, are required to pay any material portion of your retired employees healthcare, dental, vision or other costs which are not related to pensions (whether in the form of premiums or claims) you should have an actuarial valuation performed.

Cost Calculation and Financial Statement Presentation

Your actuarial valuation will determine your cost calculation. You will be considered a "*sole employer plan*" for purposes of GASB Statement No. 45 and as such your cost will be the total annual required contribution as determined by the actuary. Since you are a sole employer, the nature of any unpaid amounts for your ARC is not the same as the contractually required contribution for a cost-sharing multiple employer plan. Therefore, a portion of any unpaid amounts may be considered long-term in nature. Besides reflecting the cost information in the funds which pay the OPEB costs, you would need to reflect any activity such as a fund with resources set aside to liquidate the liability in your financial statements. Resources set aside should be placed in an irrevocable trust.

Note Disclosures

As a sole employer, you will have expanded note and required supplementary information disclosure requirements. See Appendix F.

PRACTICAL IMPLICATIONS

Cost Calculation versus Funding

GASB Statements No. 43 and 45 provide guidance for calculating a future cost that is being earned by employees as they work. The requirements mirror those of retirement pensions. However, neither one of the statements require funding this liability. The primary prudent readers of your government's financial statements are bond rating companies. While the general consensus among industry professionals is there will be no immediate negative impact for entities that do not fully fund this obligation, there is the similar understanding that, as trend information becomes available, the level of funding may have an effect on bond ratings. Additionally, studies have shown that the prefunding of this obligation will ultimately save funds in the long run. However, in an economic climate in which governments are stressed to the maximum, this funding notion is easier said than done.

National OPEB Strategies

With the onset of these new accounting requirements, governments have been implementing strategies to reduce the obligation and/or provide funding sources for OPEB. Some examples include:

- *General obligation or OPEB bonds.* This is a risky strategy and the Government Finance Officers Association (GFOA) has recommended that governments refrain from utilizing this method. Interest rates on these bonds are higher than typical government issued debt and because of the volatility in health care costs there is a chance that costs will increase at a greater rate than the return on investments.
- *Pledges of Revenues.* Many governments are pledging specific revenue as a funding source. The State of West Virginia has allocated revenue from lottery and table gaming funds.
- *Defined Contribution Plans.* Employees hired after a certain date are no longer in a defined benefit plan but rather a defined contribution plan in which employee and employer contributions are fixed and a separate account is maintained in the individuals name for payment of OPEB obligations after retirement.
- *Increased Retiree Premium Payments/ Decreased Benefits.* In order to reduce the overall obligation, some governments have increased premium amounts for retirees and/or reduced the benefits associated with the plan.
- *Shift Coverage from Dependents.*
- *Longer Vesting Periods for OPEB participation.*
- *Buying Sick and Annual Leave.*

While these strategies have proven to fund or reduce the overall obligation, they are policy decisions that have broad overall implications that must be carefully considered.

PRACTICAL IMPLICATIONS (CONTINUED)

Ramifications of Not Funding your OPEB Obligation

If your government is a participating employer and is not paying the full amount, the obligation will accumulate at the fund level financial statements. Eventually this may cause many governments to have a deficit fund balance. Non-participating governments that do not fully fund the OPEB obligation are considered sole employers and will have most of the liability shown as a long-term obligation on the government-wide financial statements. Therefore, non-participating governments are less likely to incur negative fund balances in their fund level financial statements.

Some of the comments associated with the lending market regarding the funding/strategy of the OPEB obligation are as follows:

- It is unlikely that they (bond rating companies) will unleash wholesale downgrades; however they have incorporated OPEB and pension funding as a consideration in determining ratings.
- Some have already noted an agency's OPEB liability in its rating report.
- Insurers and Institutional Investors are also aware of this liability and consider it as part of their due diligence process.
- Developing a strategy is critical for maintaining market access.

Questions or Guidance

PEIA Billing or Coverage

Jason Haught, Chief Financial Officer
304-558-7850 ext 52642
Jason.A.Haught@wv.gov

Larry Stover
304-558-7850 ext 52637
Larry.A.Stover@wv.gov

Accounting and Implementation

Stuart Stickel, Deputy State Auditor
304-558-2540 ext. 2413
Stuart.stickel@wvsao.gov

Larry Woodfell, Assistant Chief Inspector
304-558-2540 ext. 2185
Larry.woodfell@wvsao.gov

This manual and the forms associated can be located at the Chief Inspector website at
<http://www.wvsao.gov/cid/memos.asp>

Additional information regarding PEIA billing can be located at <http://www.westvirginia.com/peia/>

GLOSSARY OF TERMS

Annual Required Contribution (ARC)

The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

Consolidated Public Retirement Board Systems

Eight retirement systems in which retired employees can opt to become part of the PEIA post-employment benefit plan. These include:

- (1) Public Employees Retirement System (PERS)-for employees of the State and other political subdivisions.
- (2) Teachers' Retirement System (TRS)-for teachers and school service personnel.
- (3) Teachers' Defined Contribution-Certain school personnel hired after June 30, 1991.
- (4) Judges' Retirement System-for judges and justices
- (5) Deputy Sheriffs' Retirement System-all deputy sheriffs hired on or after July 1, 1998.
- (6) Troopers Plan A-state troopers hired before March 12, 1994.
- (7) Troopers Plan B-state troopers on or after March 12, 1994.
- (8) Emergency Medical Services Retirement System (EMSRS)-Emergency medical service officers (EMSO) who elected to participate as of December 31, 2007 and all EMSO's hired on or after January 1, 2008.

Contractually Required Contribution

Contributions assessed by a cost-sharing pension or OPEB plan to the participating employers, however determined, for the periods to which the contractual requirement relates. It originally was used in GASB Statement No. 27 , and also is used in GASB Statement No. 45 , to emphasize the difference between the accounting measurement requirements for:

a. Sole and agent employers—based on the annual required contribution of the employer (ARC), an amount calculated in accordance with GASB parameters that includes the normal cost for the period and an additional amount to amortize unfunded actuarial liabilities for past services

b. Cost-sharing employers—based on the amounts assessed to employers by the plan pursuant to the funding policy for the plan, however determined.

Cost Sharing Multiple Employer Trust

A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members, and the same contribution rate(s) applies for each employer.

Minimum Annual Employer Payment

The annual amount paid by employers toward retiree premiums, which, when combined with the retirees' contributions on their premiums that year, provide sufficient funds to cover all projected retiree covered health care expenses and related administrative costs for that year. The finance board shall develop the minimum annual employer premium payment as part of its financial plan each year.

Non-Participating Employers

Employers which do not utilize PEIA for current active employees but do maintain a retirement system that authorizes retiring employees to elect PEIA post-employment healthcare benefits.

GLOSSARY OF TERMS (CONTINUED)

Other Post-employment Benefit

Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Participating Employers

Employers which utilize PEIA for current active employees and maintain a retirement system that authorizes retiring employees to elect PEIA post-employment healthcare benefits.

Retired Employees






Active employees who retire are eligible for PEIA health and life benefits, provided they meet minimum eligibility requirements of the applicable state retirement system and if their last employer immediately prior to retirement is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with PEIA. Active employees who as of July 1, 2008 have 10 years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB but does not with PEIA will be eligible for PEIA retiree coverage; provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by the PEIA, that the employer will pay to PEIA the non participating retiree premium on behalf of the retiree or retirees. Active employees who are members of the Teachers' Defined Contribution Retirement plan must be either: fifty-five years of age and have twelve or more years of credited service; or be at least sixty years of age with five years of credited service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue PEIA insurance benefits upon retirement. Employees who participate in non State retirement systems but which are CPRB system affiliated, contracted or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA director must, in the case of education employees, meet the minimum eligibility requirements of the State Teachers' Retirement System, and in all other cases meet the minimum eligibility requirements of the Public Employees' Retirement System to be eligible for PEIA as a retiree. Eligible retirees not participating with PEIA immediately before their retirement or retirees who enroll with PEIA after the expiration of the calendar month of their retirement and the following two (2) calendar months may be subject to pre-existing condition limitations when they enroll.

Sole Employer Plan

A plan that covers the current and former employees, including beneficiaries, of only one employer.

Unfunded Actuarially Accrued Liability

The excess of actuarial accrued liability over the actuarial value of assets.

Appendix A				Per Policy Per Month
Participating Employer Annual Required Contribution Calculation - 2008 FY 2008			Per Policy	Per Policy Per Month
				Local Employers
Total FY 2008 Annual Required Contribution (ARC) (MAPD)	397,975,000.00			
Total FY 2008 Annual Required Contribution	397,975,000.00	5,532.73	461.06	461.06
Pay as you go - Retiree Subsidy	(130,407,963.00)	(1,812.96)	(151.08)	
<u>AAL OPEB Contribution</u>				
Local Fund	(4,761,728.37)			
State Fund	(34,000,000.00)			
Total AAL OPEB Contribution	(38,761,728.37)	(538.87)	(44.91)	(44.91)
PEIA Over-Reserve Transfer	(104,092,520.00)	(1,447.12)	(120.59)	
Remaining ARC employers may pay or accrue	85,038,788.63			
				144.48
				=====
			124,712,788.63	16,448,405.08
			=====	=====

1. Policy Numbers - 62,444 State, 9,487 Local - CCRC FY 2006 Report, 2007 Projections
General Revenue funded per WV Budget Office and Dept of Ed. as of 07/8/08 48,975

2. OPEB Liability - CCRC April 9, 2007 State of WV OPEB Liability Valuation
using the investment rate of 4.5%

3. ARC - Annual Required Contribution- means the amount employers must contribute in a given year to fully fund the trust, as determined by the actuarial valuation in accordance with requirements of generally accepted accounting principles. This amount shall represent a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

4. Actuarial Accrued Liability (AAL)- means the actuarial accrued liability of the OPEB.

Appendix A				
Participating Employer Annual Required Contribution Calculation - 2009 FY 2009			Per Policy Per Month	Per Policy Per Month
		Per Policy	Per Policy Per Month	State Employers
Total FY 2009 Annual Required Contribution (ARC)	338,166,000			
Total FY 2009 Annual Required Contribution	338,166,000	4,658.58	388.21	388.21
Pay as you go - Retiree Subsidy	(143,448,760)	(1,976.15)	(164.68)	(164.68)
Excess Lottery Funds	(46,600,000)	(743.97)	(62.00)	(62.00)
State General Fund Transfer	(30,730,000)	(490.60)	(40.88)	(40.88)
State Debt Reduction Fund (Table Games)	(13,800,000)	(220.32)	(18.36)	(18.36)
Remaining ARC employers may pay or accrue	117,387,240			
	102,337,230			
	=====			
			76,889,063	25,448,167
			=====	=====

1. Policy Numbers - 62,637 State, 9,953 Local - CCRC PEIA December 2007 Financial Plan Report, 2009 Projections

2. OPEB Liability - CCRC December 2007 State of WV OPEB Liability Valuation
using the investment rate of 5.22%

3. ARC - Annual Required Contribution- means the amount employers must contribute in a given year to fully fund the trust, as determined by the actuarial valuation in accordance with requirements of generally accepted accounting principles. This amount shall represent a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

APPENDIX B- PARTICIPATING EMPLOYER SAMPLE COST CALCULATION

Local Agency
OPEB Reclass-Example (1)
FYE 2008

	General Ledger Entry Debit (Credit)				
	PEIA Expense	OPEB Expense	OPEB Liability	Non-Operating Revenue	Cash
1) Total Number of Health policies July 07 -June 08-Coverage Months Monthly Pay As You Go+AAL Total-FY 2008 Total Debit OPEB Expense /Credit PEIA Expense	<div>A + B</div> <div>1,200</div> <div>195.99</div> <div>\$ 235,188.00</div>	<div>G-Notes</div> <div>\$ 235,188.00</div>			
2) Total Number of Health policies July 07 -June 08-Coverage Months Monthly PEIA Overreserve Transfer-FY 2008 Total Debit OPEB Expense /Credit Non-Operating Revenue	<div>C</div> <div>1,200</div> <div>120.59</div> <div>\$ 144,708.00</div>	<div>H-Notes</div> <div>\$ 144,708.00</div>			\$ (144,708.00)
3) Agency Paid Retiree Premiums Total Debit OPEB Expense /Credit PEIA Expense	<div>I-Notes</div> <div>\$ 14,000.00</div>	<div>I-Notes</div> <div>\$ 14,000.00</div>			
4) Remaining ARC-Billed July 07-Feb 08-From RHBT Billing (800 policies X monthly remaining ARC of \$144.48)	<div>D</div> <div>\$ 115,584.00</div>				
5) Remaining ARC-Billed Mar 08 -Jun 08-From Benefits Administration System (400 policies X monthly remaining ARC of \$144.48)	<div>D</div> <div>\$ 57,792.00</div>				
6) Less All Remaining ARC Payments Made to RHBT-in FY 2008 Year End 2008 OPEB Expense /OPEB Liability	<div>MISC</div> <div>\$ (2,000.00)</div>	<div>F-Notes</div> <div>\$ 57,792.00</div>	<div>J-Notes</div> <div>\$ (57,792.00)</div>	<div>J-Notes</div> <div>\$ 2,000.00</div>	\$ (2,000.00)
		<div>\$ 567,272.00</div>	<div>\$ (171,376.00)</div>		

(1) This example assumes a local employer with 100 active PEIA employees with no employment changes during the year. It also assumes the employer paid \$2,000 of the "remaining ARC employers may par or accrue". Also, the employer misclassified all 12 months of the "pay as you go" portion as PEIA expense.

CALCULATIONS:

Annual OPEB YE Expense	\$ 567,272.00
Less: Agency Paid Retiree Premiums(not a component of actuarial ARC)	\$ (14,000.00)
Net OPEB YE Expense	\$ 553,272.00
Divided by Number of Employees	<div>E</div> <div>1,200</div>
Annual OPEB expense per employee	\$ 461.07

APPENDIX C - SAMPLE JOURNAL ENTRIES
CITY OF SAMPLE, WEST VIRGINIA

Note: Sample assumes all of the facts in appendix B and all entries are made in the general fund. If multiple funds (as is most likely the case) are involved, the adjustments and calculations would be modified accordingly.

<u>Fund #</u>	<u>Basic Account or Dept.</u>	<u>Object of Expenditure</u>	<u>Debit</u>	<u>Credit</u>
ADJUSTMENT A + B				
001	440	111	City Hall-OPEB	50,000
001	700	111	Police Department - OPEB	100,000
001	750	111	Streets and Highways-OPEB	50,000
001	800	111	Garbage Department-OPEB	<u>35,188</u>
001	440	105	City Hall-Group Insurance	50,000
001	700	105	Police Department - Group Insurance	100,000
001	750	105	Streets and Highways-Group Insurance	50,000
001	800	105	Garbage Department-Group Insurance	<u>35,188</u>
Total			235,188	235,188

To reclassify amounts for OPEB that were previously billed with active insurance policies by PEIA.

ADJUSTMENT C

001	440	111	City Hall-OPEB	30,764	
001	700	111	Police Department - OPEB	61,529	
001	750	111	Streets and Highways-OPEB	30,764	
001	800	111	Garbage Department-OPEB	<u>21,651</u>	
001	368	003	Contributions from other entities-Non operating		144,708
Total				144,708	

To record payments made by the State of West Virginia (PEIA over reserve transfer) on behalf of the City of Sample that were made directly to the State Retirement Health Benefit Trust Fund.

APPENDIX C - SAMPLE JOURNAL ENTRIES
CITY OF SAMPLE, WEST VIRGINIA

<u>Fund #</u>	<u>Basic Account or Dept.</u>	<u>Object of Expenditure</u>	<u>Debit</u>	<u>Credit</u>
ADJUSTMENT D				
001	440	111 City Hall-OPEB	36,859	
001	700	111 Police Department - OPEB	73,718	
001	750	111 Streets and Highways-OPEB	36,859	
001	800	111 Garbage Department-OPEB	<u>25,940</u>	
001	218	001 OPEB Liability (Current)		173,376
		Total	173,376	

To record the remaining ARC that was billed to the City of Sample during the fiscal year (\$144.48 per policy per month).

ADJUSTMENT MISC.

001	218	001 OPEB Liability (Current)	2,000	
001	101	001 Cash		2,000

To record payments made by the City of Sample on the remaining ARC.

APPENDIX D - PARTICIPATING EMPLOYER SAMPLE NOTE DISCLOSURE

CITY OF SAMPLE, WEST VIRGINIA NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

NOTE XXX - RETIREE HEALTH PLAN (RHP)

Plan Description:

The City of Sample, West Virginia contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710.

Authority Establishing the Plan and Funding Policy:

Chapter 5, Article 16D of the West Virginia State Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute \$461.06 per month per active health policy. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No.45. The ARC represents a level of funding that, if paid on a ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Trend Information

The City contributed the following amounts :

Fiscal Year	Annual OPEB	Percentage
<u>Ending June 30,</u>	<u>Cost</u>	<u>Contributed</u>
2008	\$567,272	70%
2007	N/A	N/A
2006	N/A	N/A

Calculation 1:

Appendix B - Item F - Notes	\$567,272
-----------------------------	-----------

Calculation 2:

Contributions Appendix B

Item G - Notes	\$235,188
Item H - Notes	\$144,708
Item I - Notes	\$14,000
Item J - Notes	<u>\$2,000</u>
Total contributions	\$395,896

Divided by Total OPEB	<u>\$567,272</u>
% Contributed	70%

Calculation 3:

Total OPEB Cost	\$567,272
Less: Total Contributions	<u>\$395,896</u>
Net OPEB Obligation	<u>\$171,376</u>

APPENDIX E - BUDGETARY COMPARISON SCHEDULE
MUNICIPALITY OF SAMPLE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the fiscal year ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u>	<u>Budget</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Accrual Basis</u>	<u>Basis</u>	<u>Budget</u>	<u>Positive</u>
					<u>Basis</u>	<u>(Negative)</u>
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 1,392,419	\$ 1,392,419	\$ 1,498,397	\$ --	\$ 1,498,397	\$ 105,978
Business & occupation tax	2,415,000	2,415,000	2,658,267	--	2,658,267	243,267
Alcoholic beverages tax	52,000	52,000	40,814	--	40,814	(11,186)
Utility services tax	315,000	315,000	387,854	--	387,854	72,854
Hotel occupancy tax	24,000	31,500	42,043	--	42,043	10,543
Animal tax	3,500	3,500	3,839	--	3,839	339
Gas and oil severance tax	5,000	5,000	10,064	--	10,064	5,064
Licenses and permits	88,000	88,000	101,842	--	101,842	13,842
Intergovernmental:						
State	15,452	15,452	10,144	--	10,144	(5,308)
Charges for services	490,000	490,000	510,274	--	510,274	20,274
Fines and forfeits	75,000	75,000	63,812	--	63,812	(11,188)
Interest earnings	35,000	35,000	59,716	--	59,716	24,716
Refunds		21,851		--	--	(21,851)
Video lottery	65,000	65,000	73,414	--	73,414	8,414
Contributions and donations		--	31,419	--	31,419	31,419
Miscellaneous	1,000	1,000	6,023	--	6,023	5,023
Total revenues	<u>4,976,371</u>	<u>5,005,722</u>	<u>5,497,922</u>	<u>--</u>	<u>5,497,922</u>	<u>492,200</u>
EXPENDITURES						
Current:						
General government	939,758	1,678,622	1,578,950	(36,859)	1,542,091	136,531
Public safety	1,772,292	1,833,308	1,696,608	(73,718)	1,622,890	210,418
Streets and transportation	832,178	849,473	738,625	(36,859)	701,766	147,707
Health and sanitation	132,000	135,290	125,234	(25,940)	99,294	35,996
Culture and recreation	880,647	914,372	810,649	--	810,649	103,723
Social services	43,600	43,600	40,578	--	40,578	3,022
Capital projects	653,550	653,550	1,213,212	--	1,213,212	(559,662)
Total expenditures	<u>5,254,025</u>	<u>6,108,215</u>	<u>6,203,856</u>	<u>(173,376)</u>	<u>6,030,480</u>	<u>77,735</u>
Excess (deficiency) of revenues over (under) expenditures	(277,654)	(1,102,493)	(705,934)	173,376	(532,558)	569,935
OTHER FINANCING SOURCES (USES)						
Capital leases	--	--	561,886	(561,886)	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>561,886</u>	<u>(561,886)</u>	<u>--</u>	<u>--</u>
Net change in fund balance	(277,654)	(1,102,493)	(144,048)	(388,510)	(532,558)	569,935
Fund balances - beginning	<u>277,654</u>	<u>1,102,493</u>	<u>1,168,909</u>	<u>(66,416)</u>	<u>1,102,493</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,024,861</u>	<u>\$ (454,926)</u>	<u>\$ 569,935</u>	<u>\$ 569,935</u>

See accompanying notes to the financial statements.

APPENDIX E - SAMPLE NOTE DISCLOSURE FOR BUDGETARY BASIS OF ACCOUNTING

CITY OF SAMPLE, WEST VIRGINIA NOTES TO THE FINANCIAL STATEMENTS June 30, 2008

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund, **except that accrued contractually required contributions not reported on the modified accrual basis for budgetary purposes in the general fund.** All annual appropriations lapse at fiscal year end.

The governing body of the Municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year.

<u>Amount</u>	<u>Description</u>
\$ 300,000	General Government Expenditure Increase
10,000	Public Safety Expenditure Increase
29,000	Streets and Transportation Expenditure Increase
66,000	Health and Sanitation Expenditure Increase
33,000	Culture and Recreation Expenditure Increase

Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

APPENDIX F – NON-PARTICIPATING EMPLOYER NOTE DISCLOSURE

Non-participating employers must follow the disclosure requirements for “sole employers” as outlined in GASB Statement 45, paragraphs 25 and 26.

Sample disclosures will be provided in future versions of this manual.

APPENDIX G – RELEVANT STATUTORY GUIDANCE

ARTICLE 16D. WEST VIRGINIA RETIREMENT HEALTH BENEFIT TRUST FUND.

§5-16D-1. Definitions.

As used in this article, the term:

- (a) "Actuarial accrued liability" means that portion, as determined by a particular actuarial cost method, of the actuarial present value of fund obligations and administrative expenses which is not provided by future normal costs.
- (b) "Actuarial cost method" means a method for determining the actuarial present value of the obligations and administrative expenses of the fund and for developing an actuarially equivalent allocation of the value to time periods, usually in the form of a normal cost and an actuarial accrued liability. Acceptable actuarial methods are the aggregate, attained age, entry age, frozen attained age, frozen entry age, and projected unit credit methods.
- (c) "Actuarially sound" means that calculated contributions to the fund are sufficient to pay the full actuarial cost of the fund. The full actuarial cost includes both the normal cost of providing for fund obligations as they accrue in the future and the cost of amortizing the unfunded actuarial accrued liability over a period of no more than thirty years.
- (d) "Actuarial present value of total projected benefits" means the present value, at the valuation date, of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probability of payment.
- (e) "Actuarial assumptions" means assumptions regarding the occurrence of future events affecting the fund such as mortality, withdrawal, disability, and retirement; changes in compensation and offered post-employment benefits; rates of investment earnings and other asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.
- (f) "Actuarial valuation" means the determination, as of a valuation date, of the normal cost, actuarial accrued liability, actuarial value of assets, and related actuarial present values for the fund.
- (g) "Administrative expenses" means all expenses incurred in the operation of the fund, including all investment expenses.
- (h) "Annual required contribution" means the amount employers must contribute in a given year to fully fund the trust, as determined by the actuarial valuation in accordance with requirements of generally accepted accounting principles. This amount shall represent a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.
- (i) "Board" means the Public Employees Insurance Agency Finance Board created in section four, article sixteen of this chapter.

APPENDIX G – RELEVANT STATUTORY GUIDANCE (CONTINUED)

- (j) "Cost sharing multiple employer plan" means a single plan with pooling (cost-sharing) arrangements for the participating employers. All risk, rewards, and costs, including benefit costs, are shared and not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.
- (k) "Covered health care expenses" means all actual health care expenses paid by the health plan on behalf, of fund beneficiaries. Actual health care expenses include claims payments to providers and premiums paid to intermediary entities and health care providers by the health plan.
- (l) "Employer" means any employer as defined by section two, article sixteen of this chapter, which has or will have retired employees in any Public Employees Insurance Agency health plan.
- (m) "Employer annual required contribution" means the portion of the annual required contribution which is the responsibility of that particular employer.
- (n) "Fund" means the West Virginia Retiree Health Benefit Trust Fund established under this article.
- (o) "Fund beneficiaries" means all persons receiving post-employment health care benefits through the health plan.
- (p) "Health plan" means the health insurance plan or plans established under article sixteen of this chapter.
- (q) "Minimum annual employer premium payment" means the annual amount paid by employers toward retiree premiums, which, when combined with the retirees' contributions on their premiums that year, provide sufficient funds to cover all projected retiree covered health care expenses and related administrative costs for that year. The finance board shall develop the minimum annual employer premium payment as part of its financial plan each year as addressed in section five, article sixteen of this chapter.
- (r) "Normal cost" means that portion of the actuarial present value of the fund obligations and expenses which is allocated to a valuation year by the actuarial cost method used for the fund.
- (s) "Obligations" means the administrative expenses of the fund and the cost of covered health care expenses incurred on behalf of fund beneficiaries.
- (t) "Other post-employment benefits" or "retiree post-employment health care benefits" means those benefits as addressed by governmental accounting standards board statement no. 43, or any subsequent governmental standards board statement that may be applicable to the fund.
- (u) "Plan for other post-employment benefits" means the fiscal funding plan for retiree post-employment health care benefits as it relates to governmental accounting standards board statement no. 43, or any subsequent governmental accounting standards board statements that may be applicable to the fund.
- (v) "Retiree" means retired employee as defined by section two, article sixteen of this chapter.
- (w) "Retirement system" or "system" means the West Virginia Consolidated Public Retirement Board created and established by article ten of this chapter and includes any retirement systems or funds administered or overseen by the Consolidated Public Retirement Board.

APPENDIX G – RELEVANT STATUTORY GUIDANCE (CONTINUED)

(x) "Unfunded actuarial accrued liability" means for any actuarial valuation the excess of the actuarial accrued liability over the actuarial value of the assets of the fund under an actuarial cost method used by the fund for funding purposes.

§5-16D-2. Creation of West Virginia Retiree Health Benefit Trust Fund.

The Legislature declares that certain dedicated revenues should be preserved in trust for the purpose of funding other post-employment benefits.

There is hereby created the West Virginia Retiree Health Benefit Trust Fund for the purpose of providing for and administering retiree post-employment health care benefits, and the respective revenues and costs of those benefits as a cost sharing multiple employer plan.

The fund shall be available without fiscal year limitations for covered health care expenses and administration costs. All contributions, appropriations, earnings, and reserves for the payment of obligations under this article shall be credited to the fund and are irrevocable.

The amounts remaining in the fund, if any, after covered health care expenses and administration costs have been paid shall be retained in the fund as a special reserve for adverse fluctuation. All assets of the fund shall be used solely for the payment of fund obligations and for no other purpose.

§5-16D-3. Operation of trust fund.

(a) Responsibility for the rules and policies for the proper operation of the fund is vested in the board.

(b) The board shall adopt actuarial assumptions as it deems necessary and prudent.

(c) The board shall determine the annual required contribution rates sufficient to maintain the fund in accordance with the state plan for other post-employment benefits.

(d) The board may promulgate, in accordance with chapter twenty-nine-a of this code, any rules it finds necessary to properly administer the fund. The board may promulgate emergency rules pursuant to the provisions of section fifteen, article three, chapter twenty-nine-a of this code.

(e) The Public Employees Insurance Agency shall furnish reports to the board at each of the board's regularly scheduled meetings. The reports shall contain the most recent information reasonably available to the Public Employees Insurance Agency reflecting the obligations of the fund, earnings on investments, and such other information as the board deems necessary and appropriate.

(f) The Secretary of the Department of Administration, as chairman of the board, shall cause to be employed within the Public Employees Insurance Agency such personnel as may be needed to carry out the provisions of this article. The pro rata share of the costs to the Public Employees Insurance Agency of operating the fund shall be part of the administrative costs of the fund and shall be reimbursed to the Public Employees Insurance Agency.

APPENDIX G – RELEVANT STATUTORY GUIDANCE (CONTINUED)

- (g) The Public Employees Insurance Agency, on the board's behalf, shall be responsible for the day-to-day operation of the fund and may employ or contract for the services of actuaries and other professionals as required to carry out the duties established by this article.
- (h) The board shall contract with the West Virginia Investment Management Board for any necessary services with respect to fund investments.
- (i) The Public Employees Insurance Agency, on the board's behalf, shall maintain all necessary records regarding the fund in accordance with generally accepted accounting principles.
- (j) The Public Employees Insurance Agency, on the board's behalf, shall collect all moneys due to the fund and shall pay current post-employment healthcare costs and any administrative expenses necessary and appropriate for the operation of the fund from the fund. The fund's assets shall be maintained and accounted for in state funds. The state funds shall be: (1) The Other Post-Employment Benefit Contribution Accumulation Fund; (2) the Other Post-Employment Benefit Investment Fund; and (3) the Other Post-Employment Benefit Expense Fund. These funds will be maintained by the Public Employees Insurance Agency on the board's behalf.
- (k) The Public Employees Insurance Agency, on the board's behalf, shall prepare an annual report of fund activities. Such report shall include, but not be limited to, independently audited financial statements in accordance with generally accepted accounting principles. The financial statements must be independently audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in government auditing standards as issued by the Comptroller General of the United States.
- (l) Notwithstanding any other provision of law to the contrary, the Public Employees Insurance Agency shall be entitled to request and receive any information that it deems necessary and appropriate from any relevant retirement system in order that the provisions of this article may be carried out.

§5-16D-4. Actuary.

- (a) The actuary employed or retained by the Public Employees Insurance Agency shall provide technical advice to the Public Employees Insurance Agency and to the board regarding the operation of the fund.
- (b) Using the actuarial assumptions most recently adopted by the board, the actuary shall, on a biannual basis, or as frequently as the board determines necessary, set actuarial valuations of normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for the state plan for other post-employment benefits.

APPENDIX G – RELEVANT STATUTORY GUIDANCE (CONTINUED)

§5-16D-5. Operational control of trust fund.

- (a) The Public Employees Insurance Agency shall have operational control over the fund. The obligations provided in this article and all related administrative expenses shall be paid from the fund. The Public Employees Insurance Agency may expend moneys from the fund for any purpose authorized by this article.
- (b) Notwithstanding any provision of this code or any legislative rule to the contrary, all assets of the fund shall be held in trust. The Public Employees Insurance Agency, on behalf of the board, shall have full power to invest and reinvest the fund's assets via the West Virginia Investment Management Board, subject to all of the terms, conditions, limitations, and restrictions imposed by article six, chapter twelve of this code. Subject to the terms, conditions, limitations and restrictions, and consistent with this article, the Public Employees Insurance Agency shall have full power to hold, purchase, sell, assign, transfer, and dispose of any securities and investments in which any of the moneys are invested, including the proceeds of any investments and other moneys belonging to the fund.
- (c) Except as otherwise provided in this chapter, no member of the board or employee of the Public Employees Insurance Agency shall have any personal interest in the gains or profits from any investment made by the board or use the assets of the fund in any manner, except to make such payments as may be authorized by the board or by the Secretary of the Department of Administration as the chairman of the board in accordance with this article.

§5-16D-6. Mandatory employer contributions.

- (a) The board shall annually set the total annual required contribution sufficient to maintain the fund in an actuarially sound manner in accordance with generally accepted accounting principles.
- (b) The board shall annually allocate to the respective employers the employer's portion of the annual required contribution, which allocated amount is the "employer annual required contribution".
- (c) The board may apportion the annual required contribution into various components. These components may include the amortized unfunded actuarial accrued liability, the total normal cost, the employer annual required contribution and the lesser included minimum annual employer premium payment.
- (d) It shall be the mandatory responsibility of employers to make annual contributions to the fund in, at least, the amount of the minimum annual employer premium payment rates established by the board.
- (e) It shall be the responsibility of the Public Employees Insurance Agency to bill each employer for the employer annual required contribution and the included minimum annual employer premium payment. It shall be the responsibility of the Public Employees Insurance Agency to annually collect the minimum annual employer premium payment. The Public Employees Insurance Agency shall, in addition to the minimum annual employer premium payment, collect any amounts the employer elects to pay toward the employer annual required contribution. Any employer annual required contribution amount not satisfied by the respective employer shall remain the liability of that employer until fully paid.

APPENDIX G – RELEVANT STATUTORY GUIDANCE (CONTINUED)

§5-16-22. Permissive participation; exemptions.

The provisions of this article are not mandatory upon any employee or employer who is not an employee of or is not the state of West Virginia, its boards, agencies, commissions, departments, institutions or spending units or a county board of education, and nothing contained in this article shall be construed so as to compel any employee or employer to enroll in or subscribe to any insurance plan authorized by the provisions of this article. Those employees enrolled in the insurance program authorized under the provisions of article two-b, chapter twenty-one-a of this code shall not be required to enroll in or subscribe to an insurance plan or plans authorized by the provisions of this article, and the employees of any department which has an existing insurance program for its employees to which the government of the United States contributes any part or all of the premium or cost of the premium may be exempted from the provisions of this article. Any employee or employer exempted under the provisions of this paragraph may enroll in any insurance program authorized by the provisions of this article at any time, to the same extent as any other qualified employee or employer, but employee or employer shall not remain enrolled in both programs. The provisions of articles fourteen, fifteen and sixteen, chapter thirty-three of this code, relating to group life insurance, accident and sickness insurance, and group accident and sickness insurance, are not applicable to the provisions of this article whenever the provisions of articles fourteen, fifteen and sixteen, chapter thirty-three of this code are in conflict with or contrary to any provision set forth in this article or to any plan or plans established by the public employees insurance agency.

Employers, other than the state of West Virginia, its boards, agencies, commissions, departments, institutions, spending units or a county board of education are exempt from participating in the insurance program provided for by the provisions of this article unless participation by the employer has been approved by a majority vote of the employer's governing body. It is the duty of the clerk or secretary of the governing body of an employer who by majority vote becomes a participant in the insurance program to notify the director not later than ten days after the vote.

Any employer, whether the employer participates in the public employees insurance agency insurance program as a group or not, which has retired employees, their dependents or surviving dependents of deceased retired employees who participate in the public employees insurance agency insurance program as authorized by this article, shall pay to the agency the same contribution toward the cost of coverage for its retired employees, their dependents or surviving dependents of deceased retired employees as the state of West Virginia, its boards, agencies, commissions, departments, institutions, spending units or a county board of education pay for their retired employees, their dependents and surviving dependents of deceased retired employees, as determined by the finance board: *Provided*, That after the thirtieth day of June, one thousand nine hundred ninety-six, an employer is only required to pay a contribution toward the cost of coverage for its retired employees, their dependents or the surviving dependents of deceased retired employees who elect coverage when the retired employee participated in the plan as an active employee of the employer for at least

APPENDIX G – RELEVANT STATUTORY GUIDANCE (CONTINUED)

five years. Each employer is hereby authorized and required to budget for and make such payments as are required by this section.

§5-16-18. Payment of costs by employer; schedule of insurance; special funds created; duties of Treasurer with respect thereto.

(d) The contribution of the other employers (namely: A county, city or town) in the state; any separate corporation or instrumentality established by one or more counties, cities or towns, as permitted by law; any corporation or instrumentality supported in most part by counties, cities or towns; any public corporation charged by law with the performance of a governmental function and whose jurisdiction is coextensive with one or more counties, cities or towns; any comprehensive community mental health center or comprehensive mental retardation facility established, operated or licensed by the Secretary of Health and Human Resources pursuant to section one, article two-a, chapter twenty-seven of this code, and which is supported in part by state, county or municipal funds; and a combined city-county health department created pursuant to article two, chapter sixteen of this code for their employees shall be the percentage of the cost of the employees' insurance package as the employers determine reasonable and proper under their own particular circumstances.

APPENDIX H

PARTICIPATING EMPLOYER GASB 45 WAIVER REQUEST FORM

Name of Entity: _____

Contact Person: _____

Phone Number: _____

We are hereby requesting to delay implementation of the provisions of GASB Statement No. 45 until June 30, 2009. We have calculated our OPEB liability as of June 30, 2008 and it is as follows: (1)

Average Number of Active Employee policies during the fiscal year (A)	Amount Per Policy (B)	Months (C)	Total Obligation (A) X (B) X (C) (D)
_____	\$461.06	12	_____

Less: Amount paid to PEIA
related to OPEB (2) _____ (E)

OPEB Liability _____ (F)

OPEB Liability By Fund:
General

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total (must agree with F above)

Approved by _____ Date _____

(1) Employers may utilize any acceptable method (i.e. invoices) to calculate amount. Documentation to support the calculation must be retained by the employer to support the amount. CID may request documentation prior to approving the waiver.

(2) Does not include amount paid for premiums for active or retired employees.

APPENDIX H
PARTICIPATING EMPLOYER GASB 45 WAIVER REQUEST FORM

Instructions:

Waivers must be submitted in the following manners:

US Mail:
WV State Auditor's Office
Chief Inspector Division
1900 Kanawha Boulevard East
Room - W-420
Charleston, WV 25305

FAX:
304-558-5327

Email:
stuart.stickel@wvsao.gov

Questions?
Stuart Stickel, Deputy State Auditor
304-558-2540 ext.2413

Electronic Format at:

<http://www.wvsao.gov/cid/memos.asp>